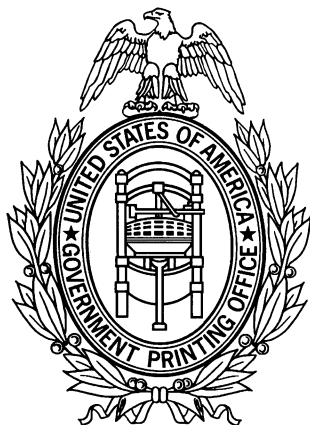


April 1, 1996-September 30, 1996

Semiannual Report to the Congress

U.S. GOVERNMENT PRINTING OFFICE

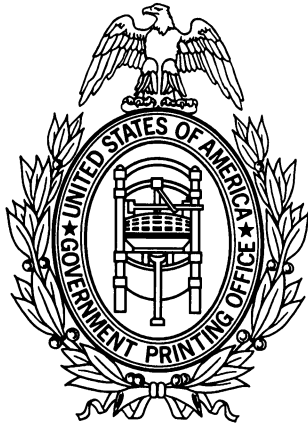
OFFICE OF INSPECTOR GENERAL



Semiannual Report to the Congress

U.S. GOVERNMENT PRINTING OFFICE

OFFICE OF INSPECTOR GENERAL



April 1, 1996–September 30, 1996

Table of Content

U.S. GOVERNMENT PRINTING OFFICE OFFICE OF INSPECTOR GENERAL

April 1, 1996-September 30, 1996

Introduction	5
GPO's Mission	5
GPO's Funding	5
OIG Mission	6
OIG Responsibility	7
Inspector General Vision Statement	8
 Office of Investigations	 9
Significant OI Initiatives	9
Summary of Investigative Hotline Activities	11
Summary of Investigative Activities	12
Summary of Investigative Accomplishments	12
Administrative Actions	19
Productivity Summary	26
Productivity Analysis	27
 Office of Audits	 28
Audit Mission	28
Audit Operations	28
Audit Accomplishments	30
Work in Process	34
Advice and Assistance	38
Prior Outstanding Recommendations	38
Other Agencies' Recommendations to GPO	43
Other Reporting Data	45
Cross References to the Inspector General Act	48

Introduction

U.S. GOVERNMENT PRINTING OFFICE OFFICE OF INSPECTOR GENERAL

This is the Semiannual Report issued by the U.S. Government Printing Office (GPO) Office of Inspector General (OIG) pursuant to the Government Printing Office Inspector General Act of 1988 (Title II, Public Law 100-54). This report summarizes the activities and accomplishments of the OIG for the six-month period ended September 30, 1996.

GPO is one of the largest and most diverse printing establishments in the United States. It is both a producer and buyer of printed materials. GPO was established on March 4, 1861, to do printing and binding for the Congress, Executive, and Judicial branches of the Federal Government. It is governed by Title 44 "Public Printing and Document", as amended, of the Code of Laws of the United States of America. Its mission has remained substantially unchanged since its creation.

GPO'S Mission

For 135 years, GPO's mission has been that of (1) printer for the Congress and the rest of the Federal Government, and (2) a major distributor of Federal Government information to the public. The environment in which GPO operates has changed dramatically over the years. Most recently, advances in computer technology affecting the printing industry and information dissemination are having a radical effect on GPO and the environment in which it operates. In addition, the organizations, programs, activities, and functions of GPO are changing to be responsive to the changing demands for service.

GPO'S Funding

GPO's funding is derived primarily from reimbursable operations. To illustrate, during Fiscal Year 1995, GPO received total revenue of about \$853 million as follows:

Revenue	FY 95	(%)	FY 94	(%)
Revenue Source (\$ thousands)				
(1) Printing and Binding	\$669,597	(78.5)	\$616,091	(76.7)
(2) Sales of Publications	80,136	(9.4)	81,937	(10.2)
(3) Appropriations (Salaries and Expenses)	97,594	(11.5)	99,493	(12.4)
(4) Reimbursements (Agency Distribution Services)	5,252	(.6)	5,606	(.7)
Total	\$852,579	(100%)	\$803,127	(100%)

The GPO has 14 Regional Printing Procurement Offices (RPPO's) and 6 satellite printing procurement offices. Each satellite office reports to a specific RPPO. The Regional Printing and Procurement Division, Central Office coordinates, reviews, and evaluates RPPO's. The regional offices generated about \$219 million in revenue during Fiscal Year 1995.

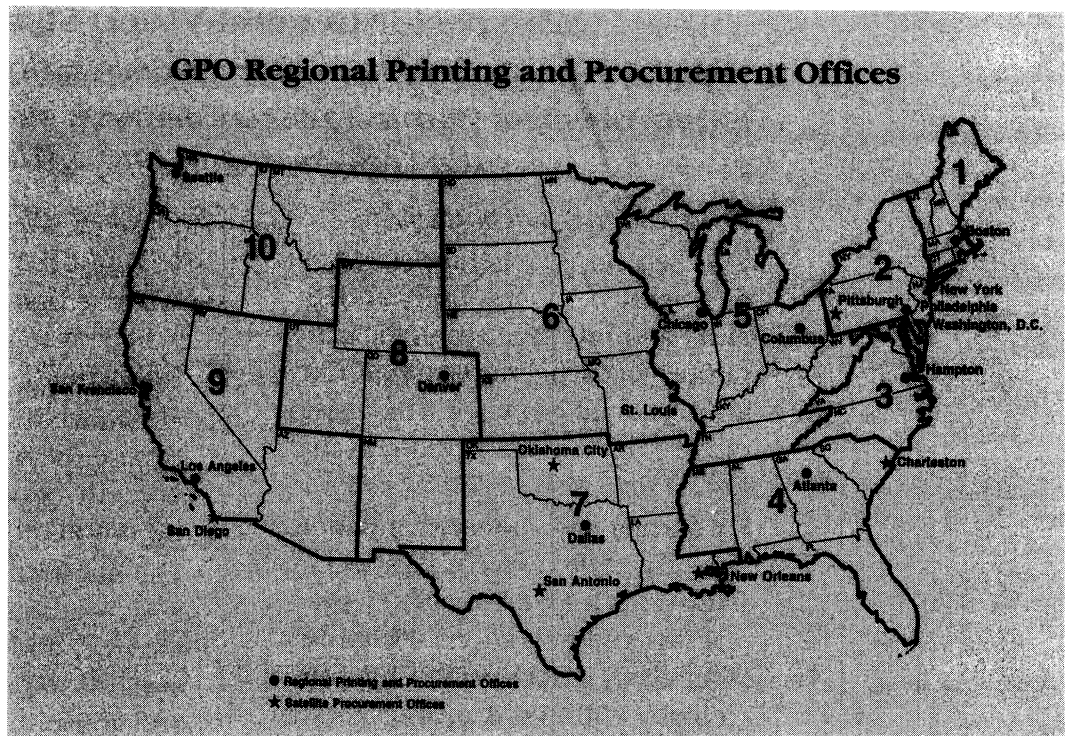
***OIG
Mission***

The mission of the OIG is to prevent and detect fraud, waste, and abuse as well as to promote economy, efficiency, and effectiveness in GPO's programs and operations. To meet these responsibilities, the OIG conducts audits and investigations through its Office of Audits (OA) and Office of Investigations (OI).

The map on page 7 depicts the GPO field locations for regional printing and procurement operations. These activities are part of the OIG audit and investigative responsibilities.

The OIG develops a plan each fiscal year to facilitate accomplishment of its mission. The plan is an important management tool used throughout the fiscal year for communicating audit objectives and assignments, allocating resources, and monitoring the progress of the agency programs. It helps ensure that resources are utilized in an efficient, economical, and effective manner. Quality planning is an essential factor in maintaining a successful OIG Program.

One objective is to maximize utilization of limited resources, and to provide the most effective possible coverage of GPO programs, operations, and activities. This is primarily accomplished by assigning priorities to the areas to audit and investigate annually, based on the annual planning process. This process is affected by audit cycles, administrative direction from the Public Printer and the Congress, identified issues, audit results, and other reactive investigative variables.



OIG Responsibility

Public Law 100-504 provides the Office of Inspector General with both the authority and the responsibility to:

- conduct and supervise audits, inspections, and investigations of GPO programs and operations;
- provide leadership and coordination, and recommend policies for activities designed to promote economy, efficiency and effectiveness in the administration of GPO programs and operations, and to detect and prevent fraud and waste in GPO programs and operations; and
- provide a means for keeping the Public Printer and Congress fully and currently informed about problems associated with GPO programs and operations, and to appraise the need for and progress of corrective actions.

Inspector General Vision Statement

We are agents of positive change striving for continuous improvement in our agencies' management and program operations and in our offices.

Mission and Authority

The Inspector General Act of 1978, as amended, creates independent audit and investigative units, called Offices of Inspector General (OIG's), at 61 Federal agencies. The mission of the OIG's, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations. Promote economy, effectiveness and efficiency within the agency. Prevent and detect fraud, waste and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers IG's with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

Statement of Reinvention Principles

We Will:

- Work with our agency head and the Congress to improve program management.
- Maximize the positive impact and ensure the independence and objectivity of our audits, investigations and other reviews.
- Use our investigations and other reviews to increase Government integrity and recommend improved systems to prevent fraud, waste, and abuse.
- Be innovative and question existing procedures and suggest improvements. Build relationships with program managers based on a shared commitment to improving program operations and effectiveness.
- Strive to continually improve the quality and usefulness of our products.
- Work together to address Government-wide issues.

Office of Investigations

U.S. GOVERNMENT PRINTING OFFICE OFFICE OF INSPECTOR GENERAL

The Office of Investigations (OI) conducts and/or coordinates the conduct of investigations relating to matters pertaining to monetary or material losses occurring in U.S. Government Printing Office programs and operations. The investigations include contractors, program participants, and GPO employees. The OI's independent, or joint investigations with Federal or non-Federal investigative agencies, culminate in criminal prosecution, civil proceedings and/or imposition of administrative sanctions. Prosecutions result in court-imposed prison terms, probation, fines, and/or restitutions.

The OI continues an aggressive effort to detect, prevent, and investigate the loss of Government assets. In addition, the OI continues recovery of monetary funds and investigative costs made payable directly to the GPO as part of criminal and civil adjudications, or through administratively negotiated settlements.

During the reporting period, the OI's investigative resources, were deployed in response to reported reactive or hotline matters involving illegal drugs, fraud, waste, abuse and/or mismanagement. The OI also continued the conduct of investigations initiated during previous reporting periods.

Significant OI Initiatives

During prior and the present reporting period, the OI allocated resources to investigate questionable GPO employee claims for monetary compensation and benefits through the Federal Employees' Compensation Act (FECA) Program. A total of 30 FECA related investigations were opened during previous reporting periods. No OWCP related investigations were opened during this reporting period. Of that number, 26 investigations remain open.

The following represents the OI's OWCP investigative efforts initiated during the previous and the current reporting period:

- during the previous reporting period, a GPO employee's future compensation payments representing a cost savings totaling \$23,957, were terminated while action was initiated during the current reporting period to recover an additional \$125,000 in unentitled compensation payments during the past five years;

- action initiated by GPO during the prior reporting period involving recovery of \$11,163.54 in compensation over payments continued during the current reporting period;
- as a result of an OI investigation, U.S. Department of Labor has initiated action to recover \$73,937 following the determination that the GPO employee had not been entitled to the compensation payments; and,
- efforts are currently underway to recover \$13,639.83 in OWCP over payments to a GPO employee.

The OI is currently conducting ten independent and/or joint OIG investigations into alleged violations of Title 44, U.S. Code (USC), Section 207, and Title 31, USC, Section 1301 and 1341, by other Federal agencies, reported during current and prior reporting periods. The agencies alleged to have violated the two USC provisions include:

Department of Energy
Department of Labor,
Department of Veterans Affairs,
General Services Administration,
U.S. Air Force, and
U.S. Coast Guard.

The Title 44 violations have resulted from the several agencies circumventing the requirement, prescribed by law, to procure printing and binding services through the GPO. The Title 31 violations occurred as a result of the several agencies expending Congressionally appropriated funds for direct printing and binding services procured through other than the GPO. The investigations continue with the subsequent results appearing in future reports.

During the previous reporting period, the OI committed investigative resources to the Asian Organized Crime Task Force (AOCTF) operation in Los Angeles, CA, as a result of information provided by the U.S. Secret Service

(USSS) involving suspected illegal printing operations possibly doing business with the GPO. The task force, comprised of law enforcement officials from the USSS, Federal Bureau of Investigation, U.S. Customs, Los Angeles Police Department, and staff attorneys from the Criminal and Civil Divisions of the U.S. Attorney's Office for the Central District of California, had determined through investigation that an organized criminal enterprise had been engaged in a financially lucrative international black market export operation. Investigative findings further disclosed that several types of business facades, known as store front operations, were used to facilitate concealment of illegal activities.

Investigation findings established the following profile indicators:

- printing company owners made application to do business with the GPO through the Small Disadvantaged Business (SDB) program based on, for example, the owners sex (female) and/or ethnicity (Asian);
- the printing firm was, in effect, a store front operation subcontracting GPO contract awards to legitimate private sector printing companies;
- the store front business invoiced the GPO for work purportedly performed by the company at the bid quotation price, which was normally higher than the subcontractor's actual production billing cost; and,
- the printing company store front operation possessed a potential for facilitating concealment of other criminal activities to include, but not limited to, counterfeiting, money laundering, and/or distribution of illegal drugs.

The OI has initiated proactive action, based on available staff resources and budget constraints, to review GPO SDB program records using the profile indicators as the means to possibly identify other existing store front operations. The OI review findings are expected to be appear in a future report.

***Summary of
Investigative
Hotline Activities***

During the reporting period, the GPO OIG Hotline Program for Drug, Fraud, Waste, and Abuse received 10 fraud related matters, and 2 complaints involving illegal drugs, for a grand total of 12 matters. Of that number:

- 4 fraud investigations were initiated;
- 5 matters were referred to management;
- 1 matter was referred to the OGC; and
- 2 telephone calls did not require any action.

Summary of Investigative Activities

The OI received a total of 36 new complaints or allegations during the reporting period. Cases closed during the reporting period included 13 from the current period and 43 from prior reporting periods for a total of 56 cases. As of September 30, 1996, 124 investigations remained open. This number constitutes 23 investigations from the current period and 101 from prior reporting periods.

Summary of Investigative Accomplishments

Criminal and Civil Cases

OI investigative findings, resulting from an investigation initiated during a prior reporting period, were presented to a U.S. Attorney's Office (USAO) for possible criminal prosecution for alleged Title 44 and 31 violations by a Department of Energy (DOE) contractor. The investigation revealed that the DOE contractor was operating a printing/duplicating center without the authorization or approval of the Joint Committee on Printing. Following the USAO prosecutive declination, this matter was referred to the DOE Office of Inspector General for administrative and/or civil remedies. This matter remains pending.

A prior reporting period investigation into alleged Title 44 USC violations by the U.S. Air Force (USAF) resulted in USAF contracts being redirected to the GPO. The OI's efforts contributed to an additional \$96,571 in GPO revenue. In addition, the USAF will realize approximately \$500,000 in cost savings when comparing the GPO cost to the previous cost originally negotiated between the USAF and the private sector printing company. This matter was closed.

An OI investigation into allegations that a Region 2 contractor submitted false claims to the GPO for work not performed, resulted in the recovery of Government-furnished material (GFM) valued at \$738.75. Since the GFM was recovered, the material did not have to be reproduced representing a total cost savings of \$1,477.50. This matter was closed.

A prior reporting period OI investigation into allegations that two Region 3 contractors conspired to defraud the GPO resulted in the suspension and debarment of both companies from doing business with the GPO. A settlement agreement was reached between the GPO and the U.S. Attorney's Office, in which both companies agreed to pay \$5,000 in fines, and \$6,216.14 in restitution to the GPO. In addition, the GPO experienced a cost-savings of \$390.52 by identifying the fraudulent activity.

A prior reporting period investigation into allegations of product substitution by a Region 3 contractor could not be substantiated and the matter was closed.

A prior OI investigation resulted in the arrest of a GPO employee for the alleged theft of approximately \$38,884.63 in Government funds from the GPO Laurel Complex, Laurel, MD. The employee, pursuant to arrest, resigned from GPO and subsequently pled guilty to the theft. The former employee will be sentenced during the next reporting period.

Two separate investigations, initiated during a prior reporting period, were conducted in conjunction with the Federal Bureau of Investigation into alleged subcontracting, false claims, and false statements by the same GPO Region 5 contractor. The investigative findings established that the contractor allegedly received \$664,638.20 in illegal profits. This matter was declined for criminal prosecution by the U.S. Attorney's Office (USAO) for the Southern District of Ohio. The declination was based on the USAO's contention that GPO officials had been cognizant of the illegal activity; however, had failed to notify the appropriate officials immediately as well as allowing the

contractor to continue the practice. This matter was subsequently referred to the USAO Civil Division for possible prosecution. The contractor and a subordinate have been suspended from doing business with the GPO. A debarment action is pending. The civil and administrative adjudication remains pending.

Prior reporting period allegations involving subcontracting, violation of the GPO Small Disadvantaged Business (SDB) program, false claims and statements by a GPO Region 7 contractor were substantiated. As a result, the contractor was removed from the SDB program, the company and the two owners were debarred from doing business with the GPO during the prior reporting period. In addition, the U.S. Attorney's Office for the Western District of Oklahoma negotiated a \$30,000 settlement.

A complaint involving fraudulent activities on the part of a former Region 7 contractor, and referred to the U.S. Postal Inspection Service and local law enforcement officials during a previous reporting period, resulted in an indictment against the contractor. Administrative action by the GPO is still pending.

The previous reporting period investigation into alleged false claims by a GPO Region 5 contractor was declined for prosecution by the U.S. Attorney's Office, Chicago, IL. This matter was closed.

The prior reporting period investigation involving alleged submission of false claims for timework by a GPO Region 4 contractor is continuing. The timework claims totaled approximately \$289,116 for which the contractor was not entitled. Prosecutive action had been declined; however, administrative action by the GPO Office of the General Counsel remains pending.

A criminal trial involving a GPO Region 5 contractor, based upon a prior reporting period investigation, resulted in the contractor pleading guilty before a U.S. District Court Judge in the Northern District of West Virginia, to embezzlement from the employees' health trust fund. Based upon the guilty plea, the contractor was sentenced to one year probation, fined \$500, and ordered to make restitution in the amount of \$1,752.60. Further, the contrac-

tor was debarred from doing business with the GPO for a period of three years. These actions were a result of a joint criminal investigation, initiated during a prior reporting period, with the U.S. Department of Labor and U.S. Postal Inspection Service.

A prior reporting period investigation into alleged false claims and statements by a GPO Region 7 contractor resulted in civil prosecution by the U.S. Attorney's Office (USAO) for the Western District of Oklahoma. As a result, the contractor was ordered to pay \$784,019.36 in civil penalties. Of this amount, \$60,000 restitution will be payable to the GPO, which includes reimbursed investigative costs. The company and owner were debarred from doing business with the Government during a prior reporting period. Further action by the USAO remains pending.

An OI investigation into the alleged theft of a Government check, intended for the GPO Superintendent of Documents, by a GSA contract employee and referred to the Metropolitan D.C. Police Department during a prior reporting period, resulted in the issuance of an arrest warrant. This matter remains pending.

A prior criminal and civil investigation into alleged sub-contracting and false statements by a GPO Region 5 contractor was declined for prosecution by the Criminal and Civil Divisions of the U.S. Attorney's Office for the Northern District of IL. However, the company and owner were administratively suspended from doing business with the GPO. This matter was closed.

Alleged fraudulent Office of Workers' Compensation Program (OWCP) claims investigative findings presented to the U.S. Attorney's Office (USAO) for the District of Columbia, during a prior reporting period, resulted in action being initiated to recover \$11,163.54 in overpayments. This matter is still pending.

A prior reporting period investigation into the alleged submission of false claims, in connection with the Office of Workers' Compensation Program,

remains at the U.S. Attorney's office for prosecutive consideration. This matter remains pending.

A prior reporting period investigation into alleged fraudulent Office of Workers' Compensation Program (OWCP) claims and following presentation to the U.S. Department of Labor, resulted in efforts to recover \$73,937 from benefit claimant. Investigation had determined that the claimant had not been entitled to the funds. This matter remains pending.

A prior reporting period investigation into the fraudulent use of the Government telephone system by inmates at the Lorton Correctional Facility (LCF), Lorton, VA, resulted in the proposed creation of a joint LCF task force comprised of members from local, state, and federal law enforcement agencies. The OI's investigative effort and assistance to the Office of Special Investigations, U.S. General Accounting Office, led to the identification of a GAO employee who had participated in the illegal scheme. The employee reimbursed the GAO \$1,600 and resigned. The OI's detection and investigation of the unauthorized calls, many of which went through the GPO, resulted in a \$6,091.72 cost savings. This matter was closed.

A prior reporting period investigation, into allegations of false claims and statements by a Region 3 contractor, was presented to the Civil and Criminal Divisions of the U.S. Attorney's Office for the District of Maryland. The Civil Division accepted the matter for prosecution. This matter is still pending.

The OI's investigation into allegations of bribery and soliciting monetary loans from subordinates, by a GPO supervisor, continued during the current reporting period. The investigative results will appear in a future report.

A prior reporting period investigation, concerning the circumstances and events that led to the procurement of the GPO's Federal Locator System, was completed and referred to the Chairman of the Joint Committee on Printing during the prior reporting. No action was taken and this matter was closed.

As a result of a prior reporting period investigation, a GPO Region 9 employee was sentenced to 180 days in jail for a prior shoplifting conviction that had been initially suspended. The employee was incarcerated for 12 days and 168 days suspended. The results were forwarded to the Superintendent of GPO Western Operations. No response has been received and this matter remains pending.

A prior reporting period investigation, into allegations of false claims, false statements, brokering and violations of the Small Disadvantage Business (SDB) program by two GPO Region 8 contractors, resulted in the U.S. Attorney's Office attempting to negotiate a \$60,000 monetary settlement. This matter is pending.

Reported allegations of subcontracting by a GPO Region 4 contractor, during a prior reporting period, disclosed that the contractor had received illegal profits totaling approximately \$30,507.60. The U.S. Attorney's Office (USAO) for the Southern District of Mississippi reached an out-of-court settlement with the contractor. The settlement included a \$5,000 reimbursement to the GPO.

A previous reporting period investigation, into the alleged submission of false claims by a GPO Region 7 contractor, was accepted for civil action by the U.S. Attorney's Office for the Western District of Oklahoma. The civil action resulted in a \$40,000 assessment in civil penalties. The contractor and company were subsequently administratively debarred and this matter closed.

A prior reporting period investigation into an alleged collusive relationship, between a U.S. Department of Health and Human Services (HHS) employee and a GPO Region 10 contractor, was referred to the HHS OIG. A joint investigation is being conducted and the results will appear in a future report.

An OI investigation, initiated during a previous reporting period, involving bribery, gratuities, collusion, and product substitution remains pending. The allegations involve an Internal Revenue Service (IRS) employee and a former

GPO Region 9 contractor. Prosecution of the contractor was declined by the U.S. Attorney's Office (USAO) for the Southern District of California. A final decision by the USAO to prosecute the IRS employee remains pending.

A current reporting period investigation, into the alleged theft of Government materials by a Region 8 contractor, was presented to the U.S. Attorney's Office for the District of Utah and is pending further action. The company and owner, however, were administratively debarred from doing business with the Government.

During the reporting period, an investigation was initiated into the alleged misuse of GPO funds during official travel. This matter was opened after a request for assistance was received from the Office of Investigations, Office of the Inspector General, Library of Congress. This matter is pending.

The results of four prior reporting period investigations were presented to the U.S. Attorney's Office for the District of Columbia. The investigations were initiated in response to allegations by a complainant bid service that a GPO Printing Procurement Department (PPD) employee was engaging in a collusive relationship with an employee from a competitor bid service and PPD was providing the competitor bid service with an unfair advantage in contract bid solicitations. The presentations were declined by the USAO's due to the absence of prosecutive merit. Pursuant to the declinations, the matter was referred to the GPO PPD Manager for possible administrative action against the PPD employee. Management declined to take action against the employee. However, PPD management did initiate a number of corrective measures related to the bid solicitation process. The remaining PPD systemic problems, identified during the investigations, were referred to the GPO OIG Office of Audits (OA) for review and possible action. The OA and the PPD management have agreed to create a joint task force as the means of correcting the systemic problems. The OI criminal investigations were closed during this reporting period.

***Administrative
Actions*****Current Reporting Period Investigations:**

Following the declination to prosecute by the U.S. Attorney's Office (USAO) for the District of Columbia, the results of an OI investigation involving threats allegedly made by a GPO employee against a GPO Police Officer resulted in an administrative removal action being initiated against the employee. Further action is pending in this matter.

A proposed removal action was initiated against a GPO employee resulting from submission of alleged fraudulent Office of Workers' Compensation Program (OWCP) claims.

An OI investigation was initiated as a result of a Congressional Inquiry concerning problems which a GPO Region 2 private citizen was experiencing with the Office of the Comptroller. The matter was resolved and closed.

An OI investigation into allegations that a GPO manager had been committing time and attendance fraud could not be substantiated and the matter was closed.

The OI's investigation into the alleged theft of personal funds from a GPO Region 3 employee could not be substantiated and the matter closed.

As a result a hotline complaint alleging that GPO employees were violating the Hatch Act, the OI referred the complaint to the GPO's Office of General Counsel. The GPO subsequently issued a formal notice to all GPO employees informing them of the accepted and prohibited practices allowed under the Hatch Act Reform Amendments of 1993. The matter was closed.

A hotline complaint alleging stressful work conditions was referred to the Director, Employee Organizational and Assistance Branch for resolution. This matter was closed.

An additional hotline complaint, concerning alleged disparity in treatment of employees within a work area, was referred to the Director of the division for resolution. This matter was closed.

An OI investigation into the alleged threats by a GPO employee against coworkers is pending. The reported circumstances were in violation of the GPO's recently issued instruction: "Zero Tolerance for Violence in the Work Place." The results of the investigation will be reported in a future report.

Prior Reporting Periods Investigations:

An OI investigation into allegations of time and attendance (T&A) fraud in connection with GPO Blood Drives, disclosed that several GPO employees had been receiving administrative leave to donate blood; however, they never reported to the blood drive. As a result of the OI's investigation, the involved GPO employees received verbal warnings. In addition, a salary cost savings of \$5,249.50 resulted from the detection of the recurring practice. The matter was closed.

As a result of an OI investigation into allegations of theft of Government Funds by a GPO employee, the employee resigned in lieu of being subject to an adverse personnel action.

The OI is conducting an investigation, initiated during a prior reporting period, regarding allegations of nepotism, favoritism, and racism involving the hiring practices for the Production Departments Apprentice Training Program. Results of the investigation will be reported in a future report.

A prior reporting period investigation into allegations of unfair promotion practices by a GPO department resulted in the employee receiving a promotion after transferring to another department. No evidence was discovered to substantiate the allegation and this matter was closed.

The OI's investigative findings, involving a GPO delivery driver's alleged possession of illegal drugs and alcohol while on duty, was provided to the GPO's

Director, Labor and Employee Relations Service, for action. The driver was terminated from the rolls of the GPO resulting in a cost savings of \$10,965.60 in employee payroll expenditures. This matter was closed.

An OI investigation into the alleged time and attendance abuse by a GPO employee, and referred to management during a prior reporting period, resulted in the employee being suspended for three days. The suspension resulted in a \$126.56 cost savings to the GPO. The matter was closed.

The OI's investigation into allegations that two GPO employees, who were purportedly providing advance copies of the Congressional Record to their part-time private sector delivery service employer, was completed and referred for appropriate administrative action. The two GPO employees received verbal warnings. Administrative action is pending against the delivery service employer.

The prior reporting period investigation findings, into an alleged physical assault of a GPO employee by a GPO Police Officer, was provided to GPO management officials for administrative action. Officials declined to take any action in this matter purportedly due to insufficient evidence to warrant an adverse personnel action. This matter was closed.

A prior reporting period investigation into allegations of possible collusive bid rigging by a GPO Bid Service continued through the reporting period. The investigation results will appear in a future report.

The OI's investigative results into a GPO Police Officer's alleged misconduct were provided to the Director, Labor and Employee Relations Service, during a prior reporting period. Action remains pending.

An OI prior reporting period inquiry, into allegations that GPO Delivery Section drivers were operating Government vehicles with invalid motor vehicle operator licenses, resulted in one employee being terminated from GPO employment. The individual has appealed his removal. As a result of the

removal, the GPO saved \$6,092 in payroll expenditures. No further action is anticipated pending adjudication of the employee's appeal.

The OI's prior reporting period investigation into the alleged theft of airline tickets, and referred by the U.S. Postal Inspection Service, was closed. No evidence was developed substantiating involvement by a GPO employee. This matter was closed.

The results of an investigation, in which a GPO employee alleged that they were being harassed by a fellow GPO employee, was referred to the Employee Relations and Programs Division for action during the previous reporting period. The Subject of the investigation received a medical disability retirement. Consequently, GPO did not take any further action and the matter was closed.

The OI investigation into the alleged unauthorized publication of a employee newsletter was referred to the Public Printer for action. GPO management developed and implemented revised procedures relating to internal periodical publications. No further action was required and this matter was closed.

Based upon information received from a member of the U.S. Congress, three separate investigations were opened involving improper hiring practices, misappropriation of funds, and security violations related to the handling of sensitive material. The investigation findings were provided to the member and the matters closed.

As a result of separate complaints, the OI is conducting separate investigations into allegations of prohibited personnel practices within the Office of Superintendent of Documents. The investigations continue and the subsequent findings will appear in a future report.

Investigation findings concerning the suspected alteration of an Office of Personnel Management (OPM) candidate test score document for GPO employment were provided to the OPM's Federal Investigations Processing Center

(FIPC) for review and appropriate action. The FIPC's resulting independent investigation, coupled with the OI findings, prompted FIPC to bar a GPO applicant from applying for any Federal position until the year 1999. In addition, the GPO employee involved in this matter was terminated from Federal service. This matter was closed.

A prior reporting period investigation into the alleged submission of false claims by a Region 3 contractor, and previously declined for prosecution by the USAO for the District of Maryland and the State Attorney's Office for Prince George's County, Maryland, resulted in the contractor being issued a letter of warning. This matter was closed.

An investigation into the alleged theft of GPO property resulted in the arrest of a GPO employee. The Prince George's County, Maryland States Attorney's Office accepted the matter for prosecution. The GPO employee was placed on administrative leave pending the outcome of the criminal trial. This matter is pending criminal adjudication.

Investigative findings, resulting from an investigation initiated during a prior reporting period, substantiated allegations that sales agents from an insurance company were soliciting business on Government property without GPO approval or knowledge. The findings were reported to GPO management and the Director of Administration for the insurance company during this reporting period; however, no reported action has been taken to date and this matter remains pending.

The OI conducted a total of four Local Agency Checks (LAC) involving GPO employees. These checks were conducted at the request of the GPO Personnel Security Specialist and the Employee Relations and Programs Division for the purpose of confirming criminal backgrounds pertaining to employees. The results were provided to the requesting offices for official purposes only.

OI REFERRALS TO OFFICE OF AUDITS

Based upon the investigative findings resulting from 24 OWCP Fraud investigations, the OI requested the Office of Audits to conduct a GPO OWCP Program audit during a prior reporting period. This audit is continuing.

The OI referred investigative findings, during a previous reporting period, involving allegations that the GPO Rapid Response Center had failed to bill customer agencies approximately \$1.5 million for work performed. Action and or results of the audit are still pending in this matter.

In response to OA requests made during the current and prior reporting period, the OI recommended that full performance and/or compliance audits be performed into operations of four GPO departments. The referrals were a result of information suggesting the loss of GPO monetary and staff resources. Action by the OA is still pending regarding these recommendations.

The OI referred a prior reporting period investigation matter involving possible systemic problems in GPO's Bidders Subscription Service. This matter is pending the results of the OA's audit.

During a prior reporting period, the OI referred its investigative findings of alleged non-payment of bills by other federal agencies to the GPO to the OIG Office of Audits for an audit of the program. The Comptroller General's Office reached a decision that the GPO could not charge other federal agencies interest for late payments. This matter involved the non-payment to the GPO of approximately 33 million dollars of printing services by several Government agencies. This matter is still pending the results of an OA audit.

OA REFERRALS TO OFFICE OF INVESTIGATIONS

The OA referred information, developed during the course of an audit, alleging that GPO Delivery Section vehicles were being under utilized and vehicle operators were using alcohol and/or drugs during duty hours. The OI declined to investigate the two matters for the following reasons:

- the OA was better suited to evaluate delivery vehicle utilization through the audit function in the absence of any prior reported complaints or allegations to the OI concerning drug and/or alcohol abuse.
- and the OA's reported contention that no cooperation could be expected from those individuals purportedly possessing detailed knowledge of the alleged drug and alcohol abuse activities.

**Productivity Summary of the
Office of Investigations**

Complaints and Allegations Received	36
Cases Closed	56
Arrests	3
Cases Presented to U.S. Attorneys/ State's Attorney	12
Declinations	11
Convictions	0
Guilty Pleas	2
Acquittals	0
Jail Time (days)	0
Suspended Time (days)	0
Probation (days)	365
Public Service (hours)	0
Restitution	\$ 79,184.88
Recoveries	\$ 127,309.75
Fines	\$ 45,500.00
Cases Referred for Civil Prosecution	3
Administrative Referrals	8
Suspensions	8
Debarments	8
Terminations	4
Warned/Other Action	6
Referrals to Other Law Enforcement Agencies	1
Cost Savings	\$ 554,350.40

Office of Investigations Productivity Analysis
Fiscal Years 1993–1996

	1993	1994	1995	1996	TOTALS
Cases Opened	154	132	119	83	488
Cases Closed	147	101	189	94	531
Arrests	9	9	4	3	25
Cases to USAO	28	24	15	18	85
Declinations	12	12	11	15	50
Convictions	5	8	4	0	17
Guilty Pleas	4	9	4	2	19
Jail Time ¹	240	6,570	2,970	0	9,780
Suspended Time ¹	1,095	10,950	2,394	0	14,439
Probation ¹	4,195	11,670	2,290	365	18,520
Public Service ¹	230	200	0	0	430
Restitution	\$41,709.47	\$16,373.72	\$415,060.62	\$79,184.88	\$552,232.69
Fines	\$250	\$2,000	\$2,152.81	\$45,500	\$49,902.81
Recoveries ²	\$206,028.87	\$79,378.30	\$16,000.00	\$128,873.29	\$430,280.46
Civil Prosecution Referrals	1	4	4	6	15
Administrative Referrals	53	47	40	22	162
Suspensions	8	3	5	9	25
Debarments	20	29	12	14	75
Terminations	7	2	5	5	19
Warned/Other Action	30	17	21	8	76
Referrals to Other Law Enforcement Agencies	10	11	13	4	38
Cost Savings	\$1,120,294.22	\$26,163.10	\$229,055.94	\$578,307.40	\$1,953,820.66

¹Represented days²Include Investigative Costs

Office of Audits

U.S. GOVERNMENT PRINTING OFFICE OFFICE OF INSPECTOR GENERAL

Audit Mission

The mission of the Office of Audits (OA) is defined by the GPO Inspector General Act of 1988, which created a statutory OIG at GPO. The Act requires the OIG to:

1. Conduct independent and objective audits relating to GPO;
2. Provide leadership and coordination, and recommend policies to promote the economy, efficiency, and effectiveness of GPO's programs, operations, and activities; and
3. Keep both the Public Printer and Congress fully and currently informed about problems and deficiencies relating to the administration and operations of the GPO.

The OA conducts performance audits, financial audits, and special reviews to accomplish its audit mission. All OIG audits are performed in accordance with applicable Government Auditing Standards promulgated by the Comptroller General of the United States.

Audit Operations

The OA had 13 personnel as of September 30, 1996. The OA staff consisted of 12 auditors and the OA Secretary. The OA was authorized a total of 17 full-time personnel positions for Fiscal Year 1996. The budget for Fiscal Year 1997 includes a total of 16 positions. One vacant auditor position will be eliminated as a result of budget reductions.

The 3 remaining vacant auditor positions will be filled at the earliest available opportunity. Future recruiting efforts will be directed at hiring experienced auditors.

During the six-month reporting period ending September 30, 1996, the OIG concentrated audit resources on the following audits and audit related activities:

1. Issued an audit report that evaluated the acquisition, utilization, and termination of warehouse space controlled by GPO in the Washington, DC Metropolitan Area.
2. Issued an audit report that evaluated the adequacy and effectiveness of management controls over cash receipts and deposits at the Superintendent of Documents, Pueblo Distribution Center.
3. Issued an audit report to the Superintendent of Documents that identified two Central Office support service issues affecting the economy of the Pueblo Distribution Center's operations.
4. Issued two audit reports that identified opportunities to strengthen management controls at the GPO Bookstores in Pueblo and Denver, Colorado. A third report on GPO Bookstore issues was drafted.
5. Drafted an audit report on Phase III of the OIG review of the GPO Workers' Compensation Program (WCP). This program is mandated by the Federal Employees' Compensation Act (FECA), and provides about \$6 million in benefits annually to GPO workers for job related injuries. The purpose of Phase III is to review and evaluate program benefit costs funded by the GPO.
6. Drafted an audit report that evaluated the management of transportation costs for blank paper acquired from the commercial sector by GPO for in-house production or resale to Federal customers.
7. Completed the survey phase of the OIG review of the GPO Mail Management Program which is a major administrative support activity for GPO's various organizations.
8. Commenced the survey phase of a financial audit of the GPO Billing System which collects revenue from GPO's customers for printing and binding services.
9. Issued a contract audit report that provided assistance to a GPO Contracting Officer in evaluating a contractor proposal.

10. Conducted a price analysis of a major GPO procurement contract to assist the Printing Procurement Department and Office of General Counsel in negotiating a settlement of a contractor claim appealed to the GPO Administrative Law Judge.
11. Prepared the OIG Annual Audit Plan for Fiscal Year 1997.
12. Prepared the OIG Strategic Plan, in cooperation with the other components of the OIG.

Audit Accomplishments

Six audit reports were issued during the six-month reporting period ending September 30, 1996.

The OA issued 1 contract audit report in response to a request from a regional GPO Contracting Officer within the Printing Procurement Department (PPD). A contract audit report assists a Contracting Officer in evaluating a contractor proposal or claim related to a specific GPO printing and binding contract. The one contract audit report questioned \$11,437 in proposed contractor costs.

The OA issued 5 other audit reports resulting from performance and financial audits. These reports contained a total of 11 recommendations that, when implemented, would: (1) improve the economy, efficiency and effectiveness of GPO's programs, operations and other activities; (2) strengthen management controls against fraud, waste and abuse; and (3) provide opportunities to improve customer agency satisfaction.

Additionally, 10 percent of the OA's audit resources are committed to supporting OI investigative efforts. The OA provides accounting and auditing expertise to the OI special agents for both civil and criminal investigations. The OA provided support for 3 investigations during this reporting period. The OA also refers irregularities and other suspicious acts detected during audits to the OI for investigative consideration. The OA made 1 referral to the OI during this reporting period.

A synopsis of the significant OIG audit reports issued during this reporting period follows.

(1) AUDIT REPORT ON GPO's WAREHOUSE SPACE
(Report Number 96-08, Issued August 23, 1996)

The OIG conducted an audit to evaluate the adequacy and effectiveness of the system of management controls over the acquisition, utilization, and termination of GPO warehouse space.

The scope of the review included GPO warehouses at: (1) Central Office; (2) Laurel, Maryland; and (3) Springbelt, Virginia.

The OIG recommended that GPO consider developing a long-range strategic plan for office, production, and warehouse space that considered the feasibility of:

- (1) Transferring the Bindery's first-class meter mailing functions to the Office of Administrative Support's Mail Management Section;
- (2) Identifying and removing obsolete and surplus machines from Production Services in Central Office, including the spare parts in the Materials Management Service Stores Division inventory;
- (3) Filling in a portion of the rail tracks on the third floor of Building IV with concrete to create an additional 4,640 square feet of warehouse space to store another 1,000 rolls of newsprint paper;
- (4) Activating the new paper lift for the new presses on the fourth floor in Building III;
- (5) Having a study performed by officials of the Superintendent of Documents on improving the use of existing office, production, and warehouse space at the Laurel warehouses; and
- (6) Increasing assistance by Engineering Services to individual offices involved in developing future strategic plans for the most efficient and

effective use of office, production, and warehouse space that may become available.

The Deputy Public Printer agreed with the report's recommendation. GPO has also initiated a study to evaluate the potential consolidation of warehouse space in the Washington, DC Metropolitan Area to improve the economy and efficiency of GPO's operations.

**(2) AUDIT REPORT ON PUEBLO'S PUBLIC DOCUMENTS DISTRIBUTION CENTER'S FINANCIAL MANAGEMENT CONTROLS
(Report Number 96-10, Issued September 27, 1996)**

The OIG conducted an audit to evaluate the adequacy and effectiveness of financial management controls over cash receipts and deposits at the Superintendent of Documents, Documents Distribution Center in Pueblo, Colorado.

The audit report contained the following recommendations to strengthen financial management controls at the Documents Distribution Center:

- (1) Keeping no more than a day's worth of completed deposit boxes overnight in the Receipts and Verification Unit's safe;
- (2) Securing sorted trays of morning mail until GPO personnel begin work in the Initial Batch and Sort area;
- (3) Contacting the U.S. Post Office in Pueblo to discuss and implement accountable controls over trays of mail sorted by U.S. Postal employees until the trays are picked up and delivered by GPO personnel; and
- (4) Revising the current policy on Free Consumer Information order forms received as sales orders by the Receipts and Verification Unit, in order to safeguard the monies (cash and checks attached) against waste, loss, unauthorized use, and theft.

**(3) AUDIT REPORT ON CENTRAL OFFICE ISSUES INVOLVING
PUEBLO'S PUBLIC DOCUMENTS DISTRIBUTION CENTER
(Report Number 96-13, Issued September 27, 1996)**

The OIG financial audit of financial management controls at the Superintendent of Documents, Documents Distribution Center in Pueblo, Colorado, identified two Central Office issues.

The audit report contained the following recommendations to improve the economy, efficiency, and effectiveness of the Distribution Center's operations:

- (1) The Manager of the Pueblo Document Center be provided immediate assistance on acquiring advanced automated technologies from either existing GPO resources, if available, or through the use of an external contractor; and
- (2) The Pueblo Document Center be included on the weekly distribution list of the microfiche for prepaid deposit accounts.

The Director, Document Sales Service, agreed with the report's recommendations.

**(4) AUDIT REPORT ON IMPROVING INTERNAL CONTROLS OVER THE
HANDLING OF CASH AT THE PUEBLO BOOKSTORE
(Report Number 96-11, Issued September 27, 1996)**

The OIG conducted an audit of the Pueblo Bookstore to determine if the bookstore was accomplishing its mission in serving the public on a self-sustaining basis.

An unannounced cash count disclosed that \$20 was missing from the bookstore's cash register.

The audit report contained the following recommendations to strengthen the system of management controls at the Pueblo Bookstore:

- (1) Periodic, unannounced cash counts of the contents of the cash register should be performed;
- (2) The cash register should be closed-out at the end of each work day; and
- (3) Money should not be left unattended outside of the cash register at anytime.

The Director, Document Sales Service, agreed with the report's recommendations.

**(5) AUDIT REPORT ON IMPROVING INTERNAL CONTROLS OVER THE
HANDLING OF CASH AT THE DENVER BOOKSTORE
(Report Number 96-12, Issued September 27, 1996)**

The OIG conducted an audit of the Denver Bookstore to determine if the bookstore was accomplishing its mission in serving the public on a self-sustaining basis.

An unannounced cash count disclosed that \$20 was missing from the bookstore's cash reserve drawer.

The audit report recommended that the Bookstore Manager perform periodic, unannounced cash counts on the contents of the cash reserve drawer.

The Director, Document Sales Service, agreed with the report's recommendation.

***Work in
Process***

The OA is working on several audits that will benefit GPO, including:

(1) WORKERS' COMPENSATION PROGRAM (WCP)

A major review of the GPO Workers' Compensation Program (WCP), which is mandated by the Federal Employees' Compensation Act (FECA) is being conducted. The WCP provides benefits to GPO employees in excess of \$6 million annually. The U.S. Department of Labor (DOL) is responsible for the payment of all worker's compensation benefits.

The OIG is participating in the Vice-President's Task Force on Workers' Compensation Fraud and coordinating efforts with the DOL. The OIG audit and investigative teams assigned to this project have been coordinating their activities.

This OIG review is being conducted in three phases. An OIG audit report on Phase I was included in an earlier OIG Semiannual Report to Congress (Report Number 94-10). This audit report disclosed that DOL had been inappropriately charging GPO about \$220,000 annually for administering the program. DOL challenged GPO's position which was based on a legal opinion from the GPO, Office of General Counsel. On April 4, 1996, the Comptroller General of the United States concluded that, "GPO is not required to pay the additional fee for administrative costs." GPO officials are attempting to recover past payments from DOL and cease further administrative fee billings by DOL. The DOL has been reviewing the decision of the Comptroller General and has not implemented any corrective actions as of yet.

Phase II of this review assessed GPO's compliance with FECA regulations. The second report (Report Number 95-03) contained 20 recommendations for improving the WCP and compliance with FECA regulations. In summary, the report concluded that GPO needs to: (1) improve the light-duty/return to work program; (2) establish better program accountability; and (3) ensure that WCP claims are adequately reviewed.

Field work for Phase III of this review has been completed. A draft audit report is currently being reviewed within the OIG. Phase III consists of a detailed review and evaluation of the costs contained in the DOL's monthly charge-back statement for reimbursement to GPO. The DOL charge-back statement reflects benefit payments made to and on the behalf of GPO claimants under the WCP. The OIG believes that improvements to the WCP will result in substantial cost-avoidances for GPO which reimburses DOL for program costs.

The OIG plans to issue the final report on Phase III during the next semiannual reporting period.

(2) TRANSPORTATION MANAGEMENT

The OA has completed field work on the first phase of a major review of the transportation management function at GPO. A draft audit report on the transportation of paper procured from the commercial sector by GPO is currently being discussed with cognizant GPO officials. The OA plans to issue an audit report on the results of this phase of the review during the next semiannual reporting period.

GPO and its contractors deliver printing and other goods using the U.S. Postal Service, commercial carriers, and private fleets to locations within the United States and throughout the world. The second phase of this multi-phase audit will evaluate the transportation of GPO printing products for customers. This review will examine the activities of the Printing Procurement Department, Production Department, and Materials Management Service.

(3) BILLING SYSTEM

The OA has started a survey of the GPO billing system to identify potential audit areas. The primary objective of this review is to evaluate the adequacy, efficiency, and effectiveness of GPO's billing system for printing and binding services. The audit will be conducted primarily at the Office of the Comptroller. Customer agency printing representatives will be contacted about the accuracy and timeliness of GPO billings for printing services.

(4) MAIL MANAGEMENT PROGRAM

The OA has completed the survey of the GPO Mail Management Program and started field work to evaluate the following five areas: (1) mail management and administration; (2) U.S. Postal Service billings and GPO payments; (3) Central Office Mail Center operations; (4) mail management training; and (5) control over postage meters. The primary objective of this review is to evaluate the adequacy and effectiveness of management controls used to: (1)

identify the most economical, efficient, and effective sources and means of delivering GPO mail; (2) project future mail costs for budget purposes; (3) ensure reliable and timely service to GPO customers; (4) prevent fraud, waste, and abuse; and (5) ensure compliance with applicable laws, regulations, and policies.

The review will be conducted primarily at the Office of Administrative Support and Office of the Comptroller. This review had been reclassified as an inspection by the Inspector General.

(5) VOUCHER PROCESSING AND PAYMENT OPERATIONS

The OA has started a review of the Office of the Comptroller's voucher processing and payment operations at Central Office. GPO uses vouchers to initiate payments to printers, contractors, and suppliers for goods and services that support GPO's mission. The OIG has completed a survey of the operations and prepared a risk assessment to identify potential areas to evaluate.

Next, the OIG plans to evaluate GPO's compliance with laws, regulations, and policies applicable to processing of printing procurement vouchers. This review has been reclassified as an inspection by the Inspector General

(6) GPO BOOKSTORES

The OA has completed field work on a review of the GPO Bookstores in Denver and Pueblo, Colorado. Two reports with recommendations to strengthen management controls were issued during this reporting period. A third report has been drafted and will be issued in the next semiannual reporting period.

(7) CONTRACT CLAIMS

The OA is currently auditing three contract claims.

Advice and Assistance

The OA auditors provide advice and technical assistance to GPO officials and managers in an effort to:

1. Promote economy, efficiency, and effectiveness in agency programs, operations, and other activities;
2. Promote compliance with laws and regulations; and
3. Strengthen management control systems that deter, prevent, and detect fraud, waste, and abuse.

During this reporting period, the OA assisted the Office of General Counsel and Printing Procurement Department in regard to an appeal by a GPO printing contractor before the GPO Board of Contract Appeals. The contractor had appealed a final decision by a GPO Contracting Officer denying a claim for an equitable adjustment in the contract price due to a constructive change in the contract specifications. The OIG conducted a price analysis of the GPO contract which contributed to the negotiation of a settlement.

Prior Outstanding Recommendations

GPO management officials have not completed corrective actions to implement significant recommendations contained in five audit reports. A synopsis of our audit findings and recommendations, along with management's action(s) to implement the outstanding recommendations follows.

(1) AUDIT OF GPO'S NEGOTIATED/DIVERTED PROGRAM
(Report Number 96-01, Issued November 21, 1995)

Finding(s)

The intent of the Negotiated/Diverted Program was to improve the economy and efficiency of GPO in-house production resources. The program allowed GPO to recover direct costs and some indirect costs from non-Congressional jobs, rather than have production employees and machinery remain idle during Congressional recesses and other periods of lower customer demand. The (former) Public Printer had established three goals for the in-house retention of printing jobs. The audit disclosed that GPO achieved two of the three goals

of the (former) Public Printer. The audit concluded that GPO was: (1) retaining jobs to operate production equipment at optimum utilization levels, and (2) negotiating commercially comparable prices for non-Congressional printing jobs. However, GPO had not achieved the third goal of producing a profitable in-plant operation.

Recommendation(s)

The audit made 11 recommendations to improve the economy, efficiency, and effectiveness of the Negotiated/Diverted Program.

Management's action(s)

The Deputy Public Printer advised the OIG on October 15, 1996, that action had been taken by GPO to close three of the eleven recommendations. A draft policy on the Negotiated/Diverted Program has been drafted. This policy statement will address most of the remaining audit report recommendations. The Office of the Comptroller is developing a new Work-In-Process (WIP) Accounting System that will provide actual job cost data, as feedback, to improve the accuracy of the cost estimating process.

(2) SURVEY OF GPO's WORKERS' COMPENSATION PROGRAM (Report Number 94-10, Issued September 9, 1994)

Finding(s)

GPO has been paying an annual administrative fee to the Department of Labor (DOL) to administer GPO's Workers' Compensation Program (WCP). GPO's General Counsel determined that GPO is not legally required to pay the DOL this administrative fee.

Recommendation(s)

The review recommended that immediate actions be taken to: (1) stop payment on the annual administrative fee paid to DOL, (2) request remittance from DOL of fees paid since 1982, and (3) request copies of all bills from 1950-1982 showing charge-back costs and fees charged GPO. If this informa-

tion is not available, any data which will allow GPO to reasonably estimate the administrative fees charged during this period should be made available.

Management's action(s)

On September 20, 1994, the GPO Comptroller sent a letter to DOL requesting remittance of fees paid since 1982 and copies of all bills from 1950-1982. DOL disagreed with GPO's position and concluded that GPO was required to pay an annual administrative fee to DOL. In view of this dispute, the GPO Comptroller requested a legal opinion from the Comptroller General of the United States on whether GPO is required to pay DOL an administrative fee for the Workers' Compensation Program.

On April 4, 1996, GPO received the requested Comptroller General decision. This decision concluded that GPO was not legally required to pay any administrative fees for the Workers' Compensation Program. GPO forwarded this decision to the DOL. The Solicitor of the DOL is currently reviewing the decision.

**(3) GPO NEEDS SYSTEM DEVELOPMENT LIFE CYCLE PROCEDURES
(Report Number 91-17, Issued December 27, 1990)**

Finding(s)

GPO needs to adopt a structured System Development Life Cycle (SDLC) methodology as a management tool for developing high quality information systems. The implementation of some systems under development were delayed, in part, due to the lack of a SDLC methodology. SDLC helps ensure that in-house or commercially developed systems will satisfy user's requirements, be completed on-time and within budgeted costs, and have adequate system documentation for maintenance.

Recommendation(s)

A structured System Development Life Cycle (SDLC) methodology directive should be prepared for GPO to define the procedures, controls, requirements, and responsibilities when developing any information system.

Management's action(s)

On October 1, 1996, the Director, Office of Information Resources Management (OIRM), advised that the recommended procedures will be placed on the GPO Network for access by all users as of October 31, 1996.

**(4) ASSESSMENT OF GPO'S INTERNAL CONTROLS
(Report Number 91-01, October 30, 1990)****Finding(s)**

GPO has not conducted the required GPO biennial vulnerability assessment or internal control reviews of its operations since 1982. While GPO is exempt from the Federal Managers' Financial Integrity Act of 1982 (FMFIA), ongoing changes in GPO's personnel, organization, operations, and technology accentuate the need to conduct periodic risk assessments to evaluate the adequacy and effectiveness of management controls. Management controls provide reasonable assurance that GPO's program and functions are: (1) achieving their intended goals or objectives, (2) efficiently and effectively managed, and (3) operating in accordance with applicable laws and regulations.

Recommendation(s)

The Public Printer should order the revision of the GPO Instruction on Internal Control Reviews to establish a program for evaluating internal controls similar to the requirements in the FMFIA and the Office of Management and Budget's Circular No. A-123, *Internal Control Systems*.

Management's action(s)

On September 16, 1996, the Director, Office of Planning, advised that a draft GPO Instruction had been forwarded to the Deputy Public Printer and Public Printer for their review and concurrence. An earlier draft of this GPO Instruction had been reviewed by GPO managers. Appropriate revisions were made to this draft GPO Instruction before it was forwarded to the Office of the Public Printer for final review and approval.

The subject GPO Instruction, when approved and published, would establish a formal GPO Internal Control Program under the auspices of an Internal Control Program Council. The proposed Internal Control Program will be supported by a formal training program that will guide GPO managers and supervisors in the conduct of systematic and consistent vulnerability assessments and internal control reviews. This proposed training program will be developed through GPO's internal training or through a contractor trainer.

The Director of Planning concluded by stating that his office will continue to monitor GPO's performance, every six months, until the formal program has been authorized and implemented. In the interim, the Director will request information from GPO managers on periodic internal control studies.

(5) REPORT ON EFFORTS TO IMPLEMENT A CAPACITY MANAGEMENT PROGRAM (Report Number 89-21, Issued May 9, 1989)**Finding(s)**

GPO has not established a capacity management program for its Automated Data Processing (ADP) operations. The lack of a capacity management program could impede GPO's ability to determine present and future ADP needs. Capacity management programs help ensure that computer systems are properly designed and configured to give efficient performance and to

provide sufficient computer capacity for present and future operations. Capacity management also includes analyzing how computer systems are currently utilized and forecasting future computer resource requirements.

Recommendation(s)

GPO should establish and maintain a capacity management program. Since March 17, 1987, the OIG has issued four separate reports recommending that GPO take such action.

Management's action(s)

On October 1, 1996, the Director of the Office of Information Resources Management (OIRM) stated that there has been no change since the previous follow-up response of April 2, 1996. Further, OIRM cannot provide the personnel to staff a Capacity Management Program at this time because of GPO's financial condition.

Other Agencies' Recommendation to GPO

The GPO is taking actions to implement significant recommendations contained in two GAO reports pertaining to GPO. A summary of the findings and status of the outstanding recommendations follow for each of the reports.

(1) GAO/Arthur Andersen & Co.'s Comments and Suggestions for Consideration (Issued January 1996)

Finding(s) and Recommendation(s)

As part of the GAO audit of GPO's financial statements for Fiscal Year 1995, Arthur Andersen (a CPA firm under GAO contract) issued a report entitled Comments and Suggestions for Consideration. This report contained four recommendations and 86 suggestions to assist GPO in improving its operations and systems of internal accounting control.

Management's action(s)

The Director, Office of Planning, advised the OIG that quarterly status reports will be requested from GPO Organizations on the actions taken to implement the recommendations and suggestions in the subject GAO report.

The OIG will also follow-up on the status of management's efforts to implement the recommendations and suggestions resulting from the review.

**(2) GAO's Report Inspectors General: Action Needed to Strengthen
OIGs at Designated Federal Entities
(GAO Report Number AIMD-94-39, Issued November 30, 1993)**

Finding(s) and Recommendation(s)

The GAO reviewed the Office of Inspector General at each of the 34 Designated Federal Entities (DFE) to (1) assess their progress and problems in implementing the Inspector General Act, (2) determine whether strategic plans were developed, and (3) evaluate each agency's ability to ensure adequate audit coverage.

The GAO recommended that (1) strategic plans with effective performance measures be developed, (2) strategic plans be prepared for a 5-year period and be updated at least every 3 years, and (3) strategic plans and updates be reported to the entity heads, Office of Management and Budget (OMB), and the Congress in the first semiannual report issued for each fiscal year.

Management's action(s)

The Assistant Inspector General for Audits advised that the Inspector General approved a five-year OIG Strategic Plan in August 1996. The plan is currently being printed and will be distributed in October 1996.

**Other
Reporting
Data****Audit Reports With Questioned Costs**

	Reports	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	4	\$580,342	289,121
B. Which were issued during the reporting period	1	11,437	9,309
Subtotals (A+B)	5	\$591,779	\$298,430
C. For which a management decision was made during the reporting period without unsupported costs	2	257,376	0
I. Dollar value of disallowed costs	2	208,923	0
II. No dollar value of cost not disallowed	2	48,453	0
D. For which no management decision has been made by the end of the reporting period	3	334,403	298,430
E. Report for which no management decision has been made within six months of issuance	2	322,966	289,116

**List of Contract Audit Reports with Questioned Costs
for this Semiannual Reporting Period**

Contract Reviews	Questioned Costs	Unsupported Costs
Contract Review (Report 96-09 Issued 09/10/96)		
Total	\$11,437	\$9,309

**Audit Reports With Recommendations That Funds
Be Put To Better Use**

	No. of Reports	Dollar Value
A. For which no management decision has been made by the commencement of the reporting period	1	\$4,619,898
B. Which were issued during the reporting period	0	\$0
Subtotals (A+B)	1	\$4,619,898
C. For which a management decision was made during the reporting period	0	0
I. Dollar value of recommendations that were agreed to by management	0	0
II. Dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	1	\$4,619,898
E. Report for which no management decision has been made within six months of issuance	1	\$4,619,898

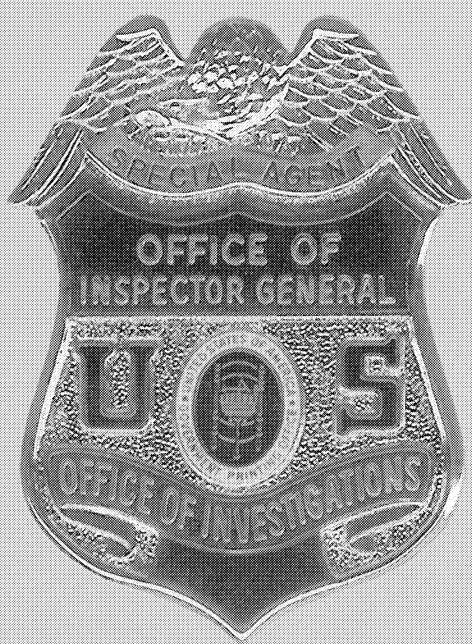
**List of Audit Reports With Funds Put to Better Use
for this Semiannual Reporting Period**

	Funds Put To Better Use
Audit Report on GPO's Warehouse Space (Report #96-08, Issued 08/23/96)	0
Audit Report on "Pueblo's Public Documents Distribution Center's (PuDDC) Financial Management Controls"	
Audit Report On "Improving Internal Controls Over the Handling of Cash at the Pueblo Bookstore" (Report #96-11, Issued 09/27/96)	0
Audit Report On "Improving Internal Controls Over the Handling of Cash at the Denver Bookstore" (Report #96-12, Issued 09/27/96)	0
Audit Report On "Central Office Issues Involving Pueblo's Public Documents Distribution Center" (Report #96-13, Issued 09/27/96)	0
Total	\$0

Cross References to the Inspector General Act

IG Act Section	Source	Page
4(a)(2)	Review of Legislation and Regulations	N/A
5(a)(1)	Significant Problems, Abuses, and Deficiencies . . .	12-18, 38-43
5(a)(2)	Recommendations With Respect to Significant Problems, Abuses, and Deficiencies	12-18, 38-43
5(a)(4)	Matters Referred to Prosecutorial Authorities	26
5(a)(5)	Summary of Instances Where Information Was Refused	N/A
5(a)(6)	List of Audit Reports	47
5(a)(7)	Summary of Significant Reports	38-43
5(a)(8)	Statistical Table—Questioned Costs	45
5(a)(9)	Statistical Table—Recommendations That Funds Be Put To Better Use	46
5(a)(10)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	N/A
5(a)(11)	Significant Revised Management Decisions Made During the Reporting Period	N/A
5(a)(12)	Management Decisions With Which the Inspector General Is in Disagreement	N/A

Reports of Drug Activity or Fraud, Waste and Abuse may be made in strict confidence to the GPO Inspector General



**Call: The toll-free
National Hotline
1-800-743-7574**

or Write to:
Office of Inspector General
Office of Investigations
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